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**NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA**

New Zealand Scholarship Accounting, 2004

9.30 am Thursday 18 November 2004

ANSWER BOOKLET

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should answer ALL the questions, using this Booklet.

The special answer sheet required for Question Three (a) is a fold-out page located at the back of this booklet.

Start each question on a NEW page. Number each question and part question carefully and legibly.

Check that this booklet has pages 2–15 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

For Assessor's use only

Outcome Description

Students will demonstrate higher level critical thinking through the integration and application of accounting concepts and skills. Students will be required to display comprehensive content knowledge, and effective communication skills, in a variety of contexts including complex or unfamiliar / unexpected contexts, relating to the entities.

Scholarship Criteria

The student will:

- within a conceptual framework, identify, process and report financial information and evaluate and justify the accounting treatment of information contained in financial reports
- interpret financial reports for external users, demonstrate critical thinking and present justified conclusions
- synthesise and apply accounting knowledge and processes in the preparation and interpretation of information for management.

Scholarship with Outstanding Performance Criteria

The student will:

- communicate effectively, demonstrating an outstanding level of critical and flexible thinking.

Overall Level of Performance

ANSWER SHEET FOR QUESTION THREE (A)

		2003	2002
Profitability:			
Return on total assets % =	$\frac{\text{Earnings before interest and taxes}}{\text{Average total assets}} \times 100$		
Net profit % =	$\frac{\text{Earnings after taxes}}{\text{Operating revenue}} \times 100$		
Liquidity:			
Current ratio =	$\frac{\text{Current assets}}{\text{Current liabilities}} \times 100$		
Financial stability:			
Gearing ratio =	$\frac{\text{Total liabilities}}{\text{Equity}} \times 100$		
Times interest earned =	$\frac{\text{Earnings before interest and taxes}}{\text{Interest}} \times 100$		

Fold out for answer sheet for Question Three (a).